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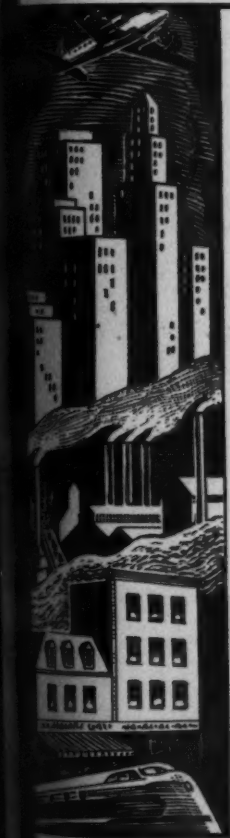

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FEBRUARY—MARCH 1956

Contents

Recent Decisions

Requirements for Admission of Foreign Corporations

A client expanding its operations into another state? Going to do business there of such a nature as to require qualification? Perhaps the incorporation of a separate subsidiary would be more practical, less expensive.

It's easy to compare the costs and requirements applicable to domestic and foreign corporations. Just call or write the nearest C T office and name the state. Data for comparison will be sent to you at once – without cost or obligation.

what constitutes doing business

Real Estate Companies

In six states, Colorado, Florida, South Dakota, Washington, West Virginia and Wisconsin, there are statutes[1] to the effect that no foreign corporation may transact business, acquire, hold or dispose of property in the state until it has complied with the qualification requirements.

In Massachusetts, a foreign corporation which owns real property in the state without having a usual place of business there is, by statute, required to obtain authority to do business.[2]

In two states, Idaho and Utah, there are statutory provisions denying an unlicensed foreign corporation doing business power to hold real property prior to qualification.[3]

The trend of decisions with respect to foreign real estate corporations involving the necessity of qualification is to indicate that if a corporation which is organized in one state to carry on a general real estate business enters another state and purchases real estate there, this constitutes "doing business" and requires authority to do such business as a foreign corporation.[4]

In New York, the Supreme Court has indicated that a foreign corporation was not required to be qualified where it owned and leased to another real estate for investment purposes and where such ownership was not a part of the regular business for which the company was organized: (*Singer Mfg. Co. v. Granite Spring Water Co.*, 66 Misc. 595, 123 N. Y. S. 1088.) In this case, the court remarked: "Of course, if the foreign company is organized for the immediate purpose of taking title or leasing land a different question would be presented."

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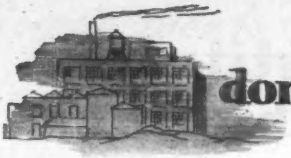
[1] *Colorado*: 1935 Statutes Ann., Ch. 41, Sec. 73; *Florida*: Statutes 1951, Sec. 613.01; *South Dakota;* Code, Sec. 11.2002; *Washington*: Revised Code, Sec. 23.52.030; *West Virginia*: Code 1931, Ch. 31, Art. 1, Sec. 79, amended by Laws of 1951, Chapter 29; *Wisconsin*: Statutes, Chapter 180, Sec. 180.801. In New York, by statute, the mere ownership of real property in the state is made the equivalent of "doing business" for the purpose of the franchise taxes imposed upon ordinary business corporations and real estate companies. (Tax Law, Art. 9, Secs. 182 and Art. 9-A, Sec. 209.)

[2] *Massachusetts*: General Laws, Ch. 181, Sec. 3, as amended by L. 1946, Ch. 342.

[3] In Idaho, it is provided that "any pretended deed or conveyance of real estate to such corporation prior to such filings shall be absolutely null and void." (Code, 1947, Sec. 30-505.) In Utah, the language used is: "Every contract, agreement, transaction whatsoever made or entered into by or on behalf of any such corporation within this state or to be executed or performed within this state shall be wholly void on behalf of such corporation and its assignees and every person deriving any interest or title therefrom, but shall be valid and enforceable against such corporation, assignee and person." (Code, 1953, Sec. 16-8-3.)

[4] *In re Welling's Estate*, 192 Cal. 506, 221 Pac. 628; *Hoffstater v. Jewell et al.*, 33 Ida. 439, 196 Pac. 194; *Penna. Co. for Insurance on Lives v. Bauerle*, (Ill.) 33 N. E. 166; *Greene v. Kentenia Corp.*, (Ky.) 194 S. W. 820; *Brown v. J. P. Smith & Co.*, 98 N. J. Eq. 206, 129 Atl. 871; *Weiser Land Co. v. Bohrer*, (Ore.) 152 Pac., 869; *Hanna v. Kelsey Realty Co. et al.*, (Wis.) 145 Wis. 276; 129 N. W. 1080.



domestic corporations

DELAWARE

Stock purchased on margin and continuously held by brokers, regarded as constituting purchaser a stockholder in order to maintain a derivative suit.

The question raised concerned whether plaintiff was to be regarded as a "stockholder" of a Delaware corporation so as to be entitled to maintain a stockholder's derivative action on behalf of the corporation, based upon the alleged diversion of certain corporate opportunities. The Court of Chancery, New Castle County, observed that, under the statute, Section 327, plaintiff was required to show that she was at least a beneficial owner of the stock at the time of the wrongs of which she complained.

On June 27, 1950, plaintiff purchased 100 shares of the corporation's stock on margin. She never "sold" such stock. At various times since that date plaintiff transferred her account from one broker to another and in such instances a certificate for 100 shares of the stock was delivered by the old broker to the new broker. It was agreed that 100 shares were held at all times for plaintiff's account and were not pledged or sold. A delay of almost two weeks in physical delivery of the certificate for 100 shares held for her account by one broker to another was not regarded by the court as constituting a "break" in plaintiff's stock ownership. The court felt that plaintiff's status as a beneficial stockholder was not affected by the "rights" of the various brokers to sell or repledge the stock held for her account. The court remarked that "where, as here, the broker is listed as the holder of the requisite number of shares and admittedly holds them for the particular customer's account, it is difficult to see why such a customer is not a stockholder for purposes of applying the statute." In concluding that plaintiff was a "stockholder" entitled to attack the transactions involved, the court said: "Where a customer has at all times been the owner of stock and the broker in fact held shares for that account, it is difficult to see how anything more should be required to satisfy the policy reflected in the statute."

Saks v. Gamble et al., Court of Chancery, New Castle County, December 13, 1955. William S. Potter and James L. Latchum of Berl, Potter & Anderson of Wilmington, and Leonard Schrieber and Sidney L. Garwin of New York City, for plaintiff. Ernest S. Wilson of Morford & Bennethum of Wilmington, for the corporate defendants. CCH Court Decisions No. 546618; 118 A. 2d 793.

Bank which sold stock of Delaware company pledged with it as security for defaulted loan, under circumstances where certificates had been fraudulently transferred to pledgor, held to have equitable claim for the purchase price of stock, when it was returned by its broker.

The sufficiency of a claim of the intervening defendant, a Florida bank, in connection with two certificates of stock in a Delaware company, pledged with the bank as collateral for a loan made by one of the individual defendants, was before the Court of Chancery, New Castle County. The shares represented by the certificates had originally been registered in the name of this defendant and his wife, the plaintiff, as joint tenants with the right of survivorship and not as tenants in common. Properly endorsed by both husband and wife, the original certificates had been used as collateral for a loan from another bank and when returned to the defendant husband, he had fraudulently had them transferred on the books of the corporation to his own name alone. Plaintiff sought to have the certificates re-registered as before, and a restraining order was issued preventing the husband and the corporation from transferring the shares. Later, the Florida bank, when granted leave to intervene, deposited the certificates pledged with it, in court. When the husband defendant had become in default, he directed the bank to sell all the shares and the bank directed the broker to do so. After deducting from the proceeds the amount due it, the bank deposited a substantial surplus to the husband's checking account, from which all but a few dollars were shortly withdrawn. The bank had no actual knowledge of plaintiff's claim prior to the sale. After the withdrawal the broker reported to the bank that transfer of the certificates had been refused by the corporation because of the Court of Chancery's restraining order. The bank repaid the broker and received the certificates in return.

The court observed that as a Delaware corporation was involved, it appeared that the Delaware law would govern the question of negotiability. Noting that the bank did not claim the ownership of the certificates but only an equitable lien in the full amount of the purchase price returned to it by the broker, the court ruled that the bank had stated a claim entitling it to an equitable lien on the stock certificates in that amount.

Haas v. Haas et al., Court of Chancery, New Castle County, December 29, 1955. Thomas Herlihy, Jr., and Herman Cohen, for plaintiff. Caleb S. Layton of Richards, Layton & Finger, for defendant, General Motors Corporation. James R. Morford of Morford & Bennethum for intervening defendant. Leon V. Haas and Grace Haas failed to appear and default judgments were entered against them.

NEW JERSEY

Officers and directors, having mere knowledge of hazards involved in productive enterprises of company, held not personally liable for accidents.

The plaintiff, injured in an explosion and fire inside a tank in which he had been working, brought an action against a number of the corporation's directors, officers and employees alleging his injuries were due to their personal negligence. A summary judgment on behalf of the defendants was rendered, whereupon the plaintiff appealed to the Superior Court of New Jersey, Appellate Division.

The court noted that "the problem confronting us here is whether the relationship of the defendants, or any of them, to the specific industrial operation which gave rise to the plaintiff's injuries was sufficiently direct or close so that it may be fairly said that they did participate or cooperate therein to an extent which should preclude their exculpation from liability to the plaintiff as a matter of law." In affirming the judgment below, the court held that the mere knowledge on the part of the directors and officers of hazards involved in some of the productive enterprises of the company did not make them personally responsible for ensuing accidents, where management controls were properly delegated.

Evans v. Rohrbach et al., 113 A. 2d 838. Hyman W. Rosenthal of Newark, for plaintiff-appellant (Harry Chashin, and Marcus & Levy of Paterson, attorneys). Stanley G. Bedford of Newark, for defendants-respondents (Mead, Gleeson, Hansen & Pantages of Newark, attorneys).

NEW YORK

Change in plaintiff licensed corporation's name after commencement of suit, without notification to Secretary of State, ruled not to affect corporation's right to maintain action.

Suit by plaintiff foreign corporation was commenced in the Supreme Court for New York County on September 2, 1954 and removed by the defendant corporation on September 20 to the United States District Court, Southern District of New York. On October 15, plaintiff corporation changed its name but failed to notify the Secretary of State of the change. The Federal court among other things, considered a question of plaintiff's capacity to initiate the suit, referring to Section 215 of the General Corporation Law providing that if a corporation possessing a certificate to do business in New York fails to make a proper notification to the Secretary of State of its change of name, "its authority to do business in this state shall cease and it shall be deemed to have thereby surrendered such authority as if it had filed a certificate of surrender of authority pursuant to Section 216." The court also noted that, in defining the effects of the filing of this certificate of surrender, Section 216 provides: "The filing of such certificate shall not, however affect any action pending at the time of surrender, or affect any right of action

upon any contract made by the corporation in the state before the filing of the certificate of surrender of authority."

In view of this provision, the court held that it was clear that the plaintiff's change of name on October 15, 1954 had no bearing on its standing in the court.

Fawick Corporation v. The Alfa Export Corporation et al., United States District Court, Southern District of New York, September 2, 1955. Chadbourne, Parke, Whiteside, Wolff & Brophy of New York City, for plaintiff. Graubard & Moskovitz of New York City, for defendants. Commerce Clearing House Court Decisions No. 541716.

foreign corporations

CALIFORNIA

Service of process upheld where foreign corporation maintained a continuous course of business with a local exclusive distributor, whom it assisted in the assembling of its product locally and in other ways.

Petitioner, a New Jersey corporation, sought a writ of prohibition to enjoin a county court from proceeding further in an action for personal injuries brought against it and others, and to vacate an order denying petitioner's motion to quash the substituted service of summons made on it by serving the Secretary of State as its agent. The evidence indicated that petitioner sold ladders in "knocked down" condition to a California exclusive distributor who assembled them by means of a machine designed by petitioner and purchased by the distributor, in this instance, from petitioner's Wisconsin representative. Some assistance was furnished by petitioner in the setting up of the machine and in its operation. Petitioner also took a part in the preparation of some of the distributor's advertising.

The District Court of Appeal, Third District, observed that it was apparent that petitioner maintained a continuous course of business with its distributor and continued, after the original installation of the assembly equipment, to maintain an interest in seeing that the assembling was done properly, as well as furnishing advertising material to its distributor, whom it, at least tacitly, held out as its California representative. The court concluded that these activities brought the petitioner within the framework of the "doing business" concept for the purpose of assumption of jurisdiction and amenability to process. The petition for the writ and the motion to quash the service of summons were denied.

Duraladd Products Corporation v. Superior Court et al., 285 P. 2d 699. Archibald D. McDougall of Sacramento, for petitioner. C. Ray Robinson of Auburn, for real party in interest.

MINNESOTA

Service set aside where made upon employees of subsidiary, licensed to do business in state, which acted as the sales agent for an unlicensed foreign parent company.

The defendant Michigan corporation moved in the United States District Court, District of Minnesota, to quash service of two summonses and to dismiss the action against it on the ground of the insufficiency of the service and therefore lack of jurisdiction over the defendant. Service was made upon the zone manager of the defendant's wholly-owned subsidiary, a sales-distributor corporation qualified to do business in Minnesota, and also upon the sales manager of the defendant, who was also sales manager of the subsidiary, when on a visit in St. Paul. The court noted that the question involved was whether the showing justified a finding that the subsidiary was a mere department, adjunct, or agency of the defendant so that the presence in the state of the subsidiary constituted the presence of the defendant.

All orders for new automobiles manufactured out of the state by the defandant, to be distributed in Minnesota were secured by the subsidiary through branch offices and then transmitted to the parent corporation in Detroit where, upon acceptance, deliveries were made in Detroit to the subsidiary. The parent maintained no office, warehouse or property in the state, made no transactions or purchases with respect to the sale of cars in Minnesota, and none of its employees, officers or directors lived in the state. In addition to receiving payments of dividends from the subsidiary, the parent corporation was paid a fixed monthly sum to compensate it for facilities the subsidiary used in Detroit.

Upon an examination of the facts, the court concluded that, even though the domination, control and management of the subsidiary were complete and absolute, such a situation of itself did not destroy the corporate entity of the subsidiary, as all the corporate tests for an independent entity were present. Also, the court ruled that the service upon the sales manager of the subsidiary and parent corporations when in St. Paul did not create the presence of the defendant in the district, since the visits were not continuous or substantial so as to constitute the doing of business by the defendant in the state. Service of process was quashed and the action dismissed.

Hudson Minneapolis, Incorporated v. Hudson Motor Car Company, 124 F. Supp. 720. Kenneth M. Ewen and Horace Hitch of Dorsey, Colman, Barker, Scott & Barber of Minneapolis, for defendant. H. E. Maag of Coursolle, Preus & Maag, E. John Abdo of Minneapolis, for plaintiff.

NEW YORK

Continuity of activity from a permanent locale in the purchasing of goods, held sufficient to uphold service of process.

Defendant New Jersey corporation sought to have the complaint dismissed against it. The sole issue was whether the corporation was doing business in New York. A retail store was operated in New Jersey. One of the principal stockholders had a personal office in New York, where he carried on several activities, one of which was the purchasing of shoes whenever he discovered an available lot. In addition, a great many shoes were purchased through a jobbing concern in New York, which, however, the plaintiff conceded was no longer in business. "A fair statement of the picture shown by the moving and opposing affidavits," observed the Supreme Court, Special Term, New York County, Part I, "is that the corporation makes purchases here through its officers, probably amounting to a substantial proportion of its total purchases, but not through any regular agency domiciled here and not pursuant to any established course."

Emphasizing that the important element to be considered is whether there is continuity of action from a permanent locale, the court felt that the facts here met that test. In denying the motion to dismiss the complaint, the court remarked: "Other considerations, such as the fact that the office used is not listed in defendant's name, are not conclusive. The work of the corporation is done here steadily by one who is identified with it and in so doing is not conducting his own independent business."

Scheier v. Stoff et al., 142 N. Y. S. 2d 716. Rothbart, Rothstein & Panken of New York City, for plaintiff. Sol Nadelson of New York City, for defendants.

English corporation ruled not subject to service of process through wholly owned subsidiary sales corpoartion.

One of the defendants, a corporation organized under the laws of Great Britain, appeared specially in the United States District Court, Southern District of New York, and moved to quash and vacate the service against it and to dismiss the complaint on the grounds that it was not doing business within the District. Service of process was made on its Director of Export Sales and member of its Board of Directors. The action was brought about by a breach of contract between the plaintiff and the other defendant, a Delaware corporation qualified to do business in New York, which was a wholly owned subsidiary of the British company.

The court noted that the parent corporation had never been resident in the District; had no officers or directors residing there; had not qualified to do business in the District; had no books, records, office or bank account there; and did no advertising or soliciting or owned or leased any property in the District. In granting the motion to quash and dismiss the summons against the English corporation, the court remarked that "the rule of *Cannon Mfg.*

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P.P.S. Lawyers for corporations not now using the CT System of Corporate Protection are invited to ask at the nearest CT office for an explanation of how it reduces all the detail of state taxes to one-thing-at-a-time simplicity.

Co. v. Cudahy Packing Co., 267 U. S. 333, a case never distinguished or overruled by the Supreme Court so far as our research discloses, is firmly established that the conduct of business in a state by a foreign corporation through a subsidiary, owned and controlled by it, is not sufficient in itself to subject the parent corporation to the jurisdiction of that state."

Fergus Motors, Inc. v. Standard-Triumph Motor Company, Inc., et al., 130 F. Supp. 780. Paul Wolfe of New York City, for plaintiff. Cahill, Gordon, Reindel & Ohl (John F. Sonnett, Asa D. Sokolow, of counsel) of New York City, for The Standard Motor Co., Ltd., defendant.

taxation

ARKANSAS

Contractors held required to obtain state contractors' licenses when fulfilling Government contracts in Federal areas over which Government had not accepted jurisdiction.

Appellant contractors, who held no state contractors' licenses, contended they were not required to secure such licenses with respect to the performance of contracts with the Federal Government on lands either owned or leased by the United States or its agency. Arkansas had, by statute, consented to the acquisition of the lands by the United States and had relinquished jurisdiction over them. However, the United States Government had not accepted jurisdiction over the lands, as provided for in the Federal statutes.

The Supreme Court of Arkansas ruled state sovereignty was still present and that appellants were subject to the state licensing requirements. Answering a contention that these requirements directly interfered with the performance of Federal functions, the court noted that appellants were independent contractors, and observed: "An independent contractor is not clothed with governmental immunity solely because of his contractual relationship with the Federal Government. A tax imposed upon an independent contractor is not laid upon a governmental instrumentality."

Leslie Miller, Inc. et al. v. The State of Arkansas, 281 S. W. 2d 946. Sherrill, Gentry & Bonner of Little Rock, for appellant. Tom Gentry, Attorney General, Thorp Thomas, Assistant Attorney General, Mehaffy, Smith & Williams of Little Rock, for appellee. Warren E. Burger, Assistant U. S. Attorney General, Osro Cobb, U. S. Attorney, amici curiae.

Oklahoma permitted to recover state income tax under reciprocal tax collection statute.

The State of Oklahoma instituted suit in an Arkansas court to recover income taxes which defendant had failed to pay upon rentals received upon mining machinery located in Oklahoma. The basic question was whether such a suit could be maintained. In upholding the suit, the Supreme Court of Arkansas cited Act 73 of 1951 granting other states and their political subdivisions the right to sue in the Arkansas courts to recover any tax owing when the like right is accorded to Arkansas and its political subdivisions by such state, whether such right is granted by statutory authority or as a matter of comity. Noting that the case was one of first impression in the state, the court observed that "quite evidently the legislative purpose was not primarily to change the law but to put Arkansas in a position to take advantage of like legislation elsewhere." Full recovery of the taxes sought was not allowed however, as the court applied an Arkansas three-year statute of limitations which had the effect of denying recovery of the first two of a total of three years' taxes due the State of Oklahoma.

*State of Oklahoma ex rel. Oklahoma Tax Commission v. Neely,** 282 S. W. 2d 150. Harper, Harper & Young of Fort Smith and R. F. Barry and E. J. Armstrong of Oklahoma City, Okla., for appellant. Warner & Warner of Fort Smith, for appellee.

*The full text of this opinion is printed in the **State Tax Reporter**, Arkansas, page 1654.

MINNESOTA

Application of statutory three-factor formula, in determining income attributable to Minnesota, upheld where taxpayer operated on a unitary basis.

The plaintiff taxpayer, a foreign corporation, filed its income and franchise tax return for 1947 according to a separate accounting system previously used by it. The defendant Commissioner disallowed the accounting method used and assessed a deficiency for 1947. The plaintiff appealed to the State Board of Tax Appeals which affirmed the Commissioner's decision. An appeal was then taken to the Minnesota Supreme Court.

The taxpayer was a Missouri corporation engaged in retail and wholesale merchandising, through company stores and dealer stores, on a nationwide basis. All general, executive and management functions were performed at the corporation's home office in Kansas City, Missouri. Centralized purchasing was done by the company's central purchasing department and all merchandise was initially shipped from manufacturers and jobbers to the company's warehouses and from there to its various outlets. Prices were set and policies determined my the home office.

The defendant, upon auditing the plaintiff's return for 1947, apportioned its income upon the statutory formula of property, payroll and sales. The plaintiff admitted the validity of the use of the three-factor formula in the case of a homogeneous business unit but maintained that its business was not sufficiently homogeneous to justify applying the multiple formula. The court said: "The test of whether a business

is unitary is whether its various parts are interdependent and of mutual benefit so as to form one business unit rather than separate business entities and not whether the operating experience of the parts is the same in all places. If the taxpayer's objection to the method of apportionment used, based on the fact that the operating experience of its retail units is not uniform throughout the nation, were valid, then no business could be found to be unitary and the formula method applied would always be invalid." The court noted that the plaintiff's buying profit and administrative profit were not created solely by its activities in its home state or in states where its warehouses were located, but were created by the operation of the entire business unit through the coordinated and standardized activity of numerous stores which made possible the central purchasing, the central management and warehousing as carried on and the advertising methods adopted. "The stores in Minnesota," the court continued, "contributed in part to make all this possible, and the multiple-formula method simply allocates a fair share of the profit to Minnesota, a share corresponding to the contribution of the taxpayer's Minnesota operation (measured by its Minnesota property, payroll, and sales activity) to the existence and operation of the taxpayer's entire business unit."

The court affirmed the determination of the Board of Tax Appeals and concluded that the multiple-formula properly and fairly reflected the plaintiff's net income assignable to Minnesota.

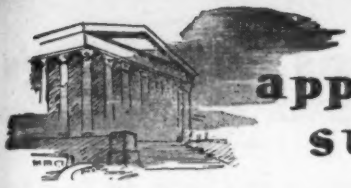
Western Auto Supply Co. v. Commissioner of Taxation, 71 N. W. 2d 797. J. Neil Morton, B. C. Hart and Briggs, Gilbert, Morton, Kyle & Macartney of St. Paul (of counsel), for relator. Miles W. Lord, Atty. Gen., Joseph S. Abdnor, Asst. Atty. Gen., for respondent.

state legislation

Arizona — On and after July 1, 1956, a use tax will be imposed by House Bill 4, Second Special Session of 1955, at the rate of 2% of the sales price on the storage, use or consumption in Arizona of tangible personal property purchased from a retailer. Monthly returns will be required of retailers and of purchasers who do not make payments of the tax to a retailer. Registration of retailers will be required on or before July 30, 1956, and thereafter before selling any tangible personal property for storage, use or consumption in Arizona.

Connecticut — A 12½% surtax has been added by Senate Bill 59, Second Special Session of 1955, to the income (franchise) tax of domestic and foreign corporations for the income year or period commencing in the calendar year 1955.

Senate Bill 61, Second Special Session, 1955, increased the sales and use tax rates from 3% to 3½% from January 1, 1956 to and including September 30, 1956. Thereafter, the rates will be: 3% from October 1, 1956 to and including June 30, 1957 and 2% after the latter date.



appealed to the supreme court

The following cases previously digested in The Corporation Journal have been appealed to The Supreme Court of the United States.*

ILLINOIS. Docket No. 66. *Riverbank Laboratories v. Hardwood Products Corporation,* 220 F. 2d 465. The Corporation Journal, October—November, 1955, page 149.) Service of process on foreign corporation—doing business—soliciting orders. **Petition for writ of certiorari filed, May 11, 1955. Petition granted and case transferred to the summary calendar, October 10, 1955. Argued, January 16, 1955.**

NEW JERSEY. Docket No. 63. *Werner Machine Co. v. Director, Division of Taxation,* 107 A. 2d 36, affirmed 110 A. 2d 89. (The Corporation Journal, December 1954—January 1955, page 55.) Franchise tax—inclusion of Federal tax-exempt bonds in basis. **Appeal filed, May 9, 1955. Jurisdiction noted, October 10, 1955.**

OHIO. Docket No. 316. *Raymond Bag Company v. Bowers,* 163 O. S. 275, 126 N. E. 2d 321. (The Corporation Journal, December 1955—January 1956, page 175.) Franchise tax base—inclusion of Federal securities. **Appeal filed, August 12, 1955.**

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* Data compiled from **CCH U. S. Supreme Court Bulletin, 1955-1956.**

regulations and rulings

Arkansas — Equipment of contractors working on an Air Force base should be assessed by the county where it is located until and unless the federal government accepts exclusive jurisdiction over the land. (Opinion of the Attorney General, State Tax Reporter, Arkansas, ¶ 20-203.)

Iowa — Sales of tangible personal property to a county fair association are subject to the sales tax. (Opinion of the Attorney General, State Tax Reporter, Iowa, ¶ 65-024.)

Kentucky — Pension trusts created by Section 165 (new Section 401) of the Internal Revenue Code would not be subject to income tax in Kentucky. The Department may require a letter from the federal authorities stating that the creators of such trusts have complied with this section of the Code. (Ruling of Department of Revenue, State Tax Reporter, Kentucky, ¶ 200-040.)

Missouri — Buildings or other improvements which are only partially completed on the first day of the calendar year are subject to ad valorem taxation and should be assessed in the name of the owner of the land as real property. Materials purchased by the owner for construction of a building which have not yet been used and have not become a part of the building should be assessed as personal property. (Opinion of the Attorney General, State Tax Reporter, Missouri, ¶ 200-131.)

New Jersey — The use of certified mail cannot be regarded as compliance with a statute which provides for the use of registered mail. Although the newly adopted system of certified mail serves the same purpose as registered mail insofar as proof of delivery is concerned, it does not replace the system of registered mail, even for items having no intrinsic value. (Opinion of the Attorney General to the Director, Division of Motor Vehicles, State Tax Reporter, New Jersey, ¶ 200-023.)

New Mexico — The total amount that may be collected from a domestic corporation for all of its certificates of amendment to its articles of incorporation increasing its capital stock is $3,000. (Opinion of the Attorney General, State Tax Reporter, New Mexico, ¶ .0034.)

New York — Distributions by a real estate corporation of its own par value stock, on the basis of a transfer of earned surplus to capital, are dividends for franchise tax purposes under Sec. 182 of the Tax Law. (Opinion of the Attorney General, State Tax Reporter, New York, ¶ 98-675.)

Texas — When the first year of a foreign corporation ends after May 1, 1956, the franchise tax rate of $2.25 per $1,000 applies. A multiple-purpose corporation must adopt the Texas Business Corporation Act before May 1, 1956, in order to compute its franchise tax for only one purpose for the succeeding year. (Letter, Department of State, State Tax Reporter, Texas, ¶ 200-149.)

some important matters

For February and March

This Calendar does not purport to be a *complete* calendar of all matters requiring attention by corporations in any given state. It is a condensed calendar of the more important requirements covered by the *State Report and Tax Bulletins* of The Corporation Trust Company. Attorneys interested in being furnished with timely and complete information regarding *all* state requirements in any one or more states, including information regarding forms, practices and rulings, may obtain details from any office of The Corporation Trust Company or C T Corporation System.

Alabama — Annual Franchise Tax Return due between January 1 and March 15.—Domestic and Foreign Corporations.

Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Franchise Tax due April 1, but may be paid without penalty until April 30.—Domestic and Foreign Corporations.

Quarterly withholding Tax due on or before April 30.—Domestic and Foreign Corporations.

Alaska — Annual Report due within 60 days from January 1.—Domestic and Foreign Corporations.

Income Tax Returns due on or before March 15.—Domestic and Foreign Corporations.

Arizona — Returns of Information at the source due on or before February 16. —Domestic and Foreign Corporations.

Annual statement of Mining Companies due between January 1 and April 1.—Domestic and Foreign Corporations engaged in mining.

Arkansas — Franchise Tax Report due on or before April 1.—Domestic and Foreign Corporations.

California — Returns of Information at the source and Returns of Tax Withheld at the source due on or before February 15.—Domestic and Foreign Corporations.

Franchise (Income) Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Colorado — Returns of Information at the source due on or before March 15. —Domestic and Foreign Corporations.

Connecticut — Annual Report due on or before February 15 (if corporation was organized or qualified between January 1 and June 30 of any previous year). Domestic and Foreign Corporations.

Income (Franchise) Tax Return due on or before April 1.—Domestic and Foreign Corporations.

District of Columbia — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Dominion of Canada — Returns of Information at the source due on or before February 28.—Domestic and Foreign Corporations.

Georgia — Report of Resident Stockholders and Bondholders due on or before March 1.—Domestic and Foreign Corporations.

Idaho — Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Illinois — Annual Report due between January 15 and February 28.—Domestic and Foreign Corporations.

Iowa — Returns of Information at the source due on or before March 31.—Domestic and Foreign Corporations.

Return of Tax Withheld at the source due on or before March 31.—Domestic and Foreign Corporations.

Kansas — Returns of Information at the source due on or before March 1.—Domestic and Foreign Corporations.

Annual Report and Franchise Tax due on or before March 31.—Domestic and Foreign Corporations.

Kentucky — Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

List of Resident Stockholders and Bondholders due on or before March 15.—Domestic and Foreign Corporations.

Louisiana — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Capital Stock Statement due on or before March 1.—Foreign Corporations.

Maine — Annual License Fee due on or before March 1.—Foreign Corporations.

Massachusetts — Returns of Information at the source due on or before March 1.—Domestic and Foreign Corporations.

Minnesota — Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Annual Report due between January 1 and April 1.—Foreign Companies.

Missouri — Returns of Information at the source due on or before March 1.—Domestic and Foreign Corporations.

Annual Franchise Tax Report due on or before March 1.—Domestic and Foreign Corporations.

Montana — Annual Report of Capital Employed due between January 1 and March 1.—Foreign Corporations qualified after February 27, 1915.

Annual Report of Net Income due on or before March 31.—Domestic and Foreign Corporations.

Annual Report due on or before March 1.—Domestic and Foreign Corporations.

Nebraska — Statement to Tax Commissioner due on or before March 1.—Foreign Corporations.

Nevada — Annual Statement of Business due not later than the month of March.—Foreign Corporations.

New Hampshire — Annual Return due on or before April 1.—Domestic and Foreign Corporations.

Franchise Tax due on or before April 1.—Domestic Corporations.

New Mexico — Franchise Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Returns of Information at the source due on or before April 1.—Domestic and Foreign Corporations.

New York — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Annual Franchise Tax Report and Tax of Real Estate Corporations due between January 1 and March 1.—Domestic and Foreign Real Estate Corporations.

Returns of Tax Withheld at the source due on or before March 1.—Domestic and Foreign Corporations.

North Carolina — Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

North Dakota — Annual Report due between January 1 and April 1.—Foreign Corporations.

Ohio — Annual Franchise Tax Report and Franchise Tax due between January 1 and March 31.—Domestic and Foreign Corporations.

Annual Statement of Proportion of Capital Stock due between January 1 and March 31.—Foreign Corporations.

Oklahoma — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Income Tax Return due on or before March 15.—Domestic and Foreign Corporations.

Oregon — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Annual Summary of Taxes withheld at the source due on or before February 16.—Domestic and Foreign Corporations.

Pennsylvania — Capital Stock Tax Report and Tax and Corporate Loans Report and Tax due on or before March 15.—Domestic Corporations.

Franchise Tax Report and Tax, Corporation Loans Tax Report and Excise Tax Report due on or before March 15.—Foreign Corporations.

Rhode Island — Annual Report due during February.—Domestic and Foreign Corporations.

South Carolina — Annual License Tax Report and Tax due on or before March 31.—Domestic and Foreign Corporations.

Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

South Dakota — Annual Capital Stock Report due before March 1.—Foreign Corporations.

Texas — Annual Franchise Tax Report due between January 1 and March 15.—Domestic and Foreign Corporations.

United States — Returns of Information at the source due on or before February 28.—Domestic and Foreign Corporations.

Income Tax Return and first half of tax due on or before March 15.—Domestic and Foreign Corporations having an Office or place of business in the United States.

Utah — Income (Franchise) Tax Return due on or before April 15.—Domestic and Foreign Corporations.

Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Vermont — Returns of Information at the source and Annual Reconciliation of Tax Withheld at the source due on or before February 15.—Domestic and Foreign Corporations.

Annual Report due on or before March 1.—Domestic Corporations.

Extension of Certificate of Authority due on or before April 1.—Foreign Corporations.

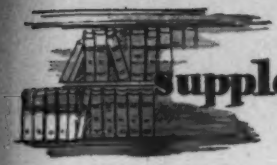
Virginia — Returns of Information at the source due on or before February 15.—Domestic and Foreign Corporations.

Annual Franchise Tax due March 1.—Domestic Corporations.

Annual Registration Fee due on or before March 1.—Domestic and Foreign Corporations.

Wisconsin — Income Tax Return and Returns of Information at the source due on or before March 15.—Domestic and Foreign Corporations.

Annual Report due between January 1 and March 31.—Domestic and Foreign Corporations.



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